

Rural Health Task Force Meeting November 5, 2019

Jeff Tieman, President & CEO, VAHHS
Hospital Closures and Vulnerability

Road Map

- Hospital Closures
- Rural Considerations
- Vermont and VT Hospitals
- Connection to Health Reform
- National Perspective & Recommendations

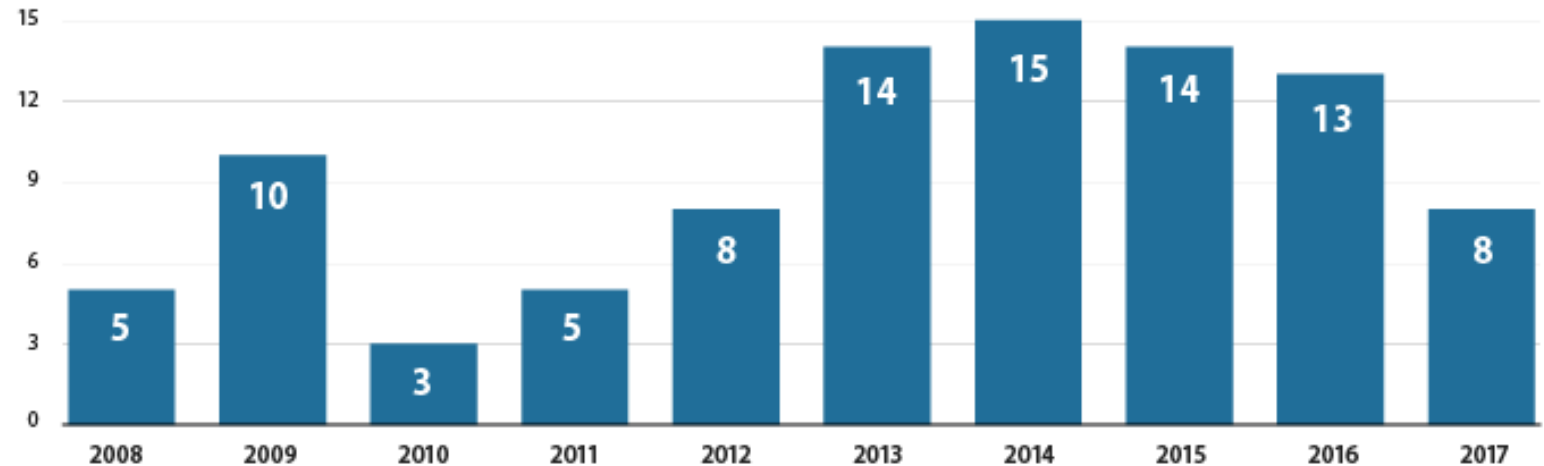


Hospital Closures

- 118 hospital closures nationwide since 2010, 5 in New England
- Rural state with many unaffiliated Critical Access Hospitals

FIGURE 1

Rural hospitals closures have increased
Nationwide rural hospital closures, 2008–2017



Source: U.S. Government Accountability Office, "Rural Hospital Closures: Number and Characteristics of Affected Hospitals and Contributing Factors" (Washington: 2018), available at <https://www.gao.gov/assets/700/694125.pdf>.

What is rural?

Wyoming: 572,381



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

Vermont: 627,180



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

Vermont Statistics

- #2 in rural, #2 in aging (rural populations often older, sicker, lower income)
- #3 in percentage of population in public programs
- #20 in Medicaid reimbursement as a percentage of Medicare
 - Tennessee, Mississippi, Montana, North Dakota, West Virginia, and Wyoming rank higher
- Growing and expensive physician / nurse / workforce shortages

Vermont Hospitals

- Highly ranked, entirely not-for-profit system
- Several hospitals with no margin or negative operating margin
- Springfield Hospital in serious financial distress

Hospital Financial Pressures: Operating Margin

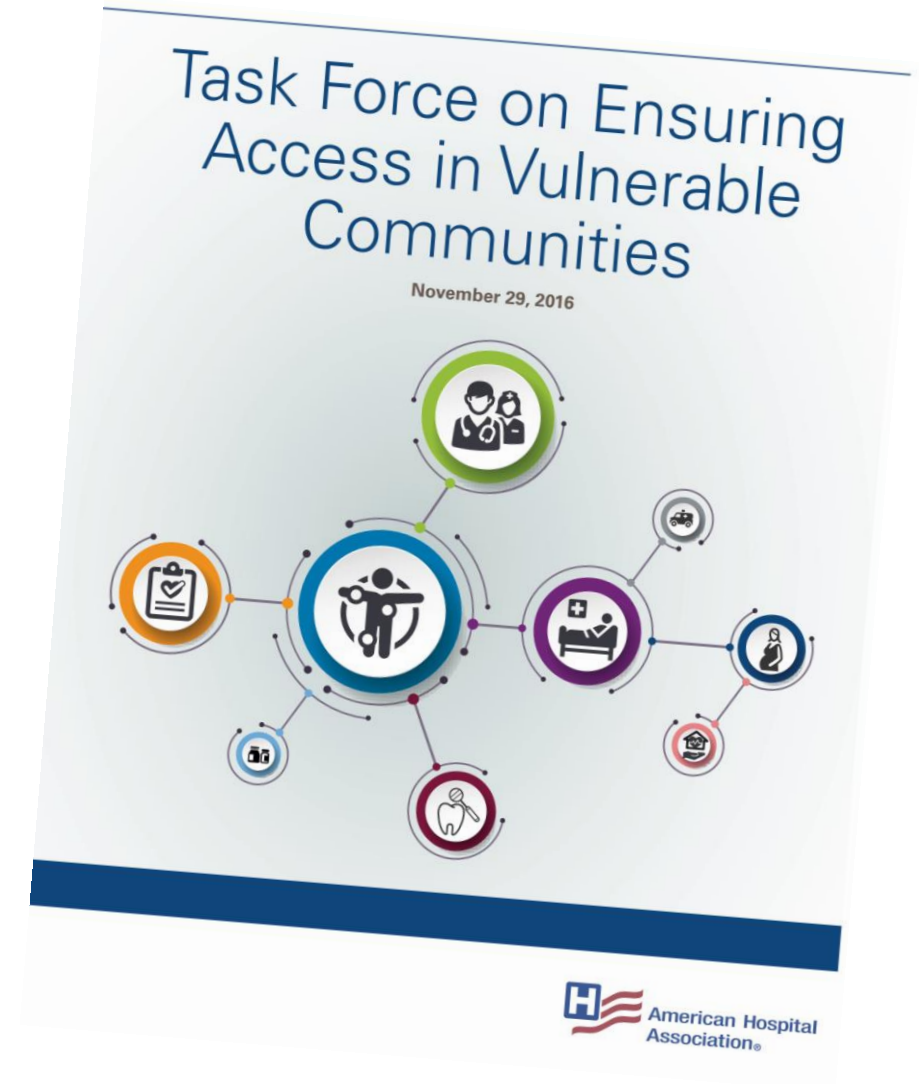
	Operating Margin (%)						Budget-to-Actual NPR/FPP Variance
	Actuals	Actuals	Budget	Projection	Budget	5-Year	FY19 Year-to-date ³
	FY17	FY18	FY19	FY19 ²	FY20	Average	
Brattleboro Memorial Hospital	-3.1%	-2.4%	0.0%	1.1%	1.3%	-0.7%	-0.3%
Central Vermont Medical Center	-0.9%	-3.8%	1.4%	-1.8%	0.1%	-0.3%	-2.9%
Copley Hospital	-0.6%	-3.3%	0.3%	-1.8%	1.4%	-0.9%	-4.4%
Gifford Medical Center	-1.6%	-10.7%	2.5%	-0.8%	2.9%	-1.3%	-10.3%
Grace Cottage Hospital	-6.9%	-2.9%	0.7%	-6.1%	-1.2%	-5.0%	-5.5%
Mt. Ascutney Hospital & Health Ctr	2.7%	1.9%	0.0%	-0.7%	1.0%	1.0%	-5.1%
North Country Hospital	-2.3%	-2.3%	1.1%	1.6%	1.6%	-0.2%	-2.8%
Northeastern VT Regional Hospital	1.9%	1.7%	1.8%	1.8%	2.0%	1.9%	3.9%
Northwestern Medical Center	-1.2%	-3.4%	2.3%	-6.0%	-0.2%	-1.5%	-4.9%
Porter Medical Center	2.7%	1.8%	3.7%	4.5%	3.8%	2.8%	0.7%
Rutland Regional Medical Center	1.6%	0.5%	2.3%	1.5%	2.3%	2.0%	0.0%
Southwestern VT Medical Center	3.7%	4.6%	3.6%	3.3%	3.4%	3.7%	-0.6%
Springfield Hospital	-7.1%	-12.8%	2.1%	-12.8%	-2.0%	-6.9%	-18.7%
The University of Vermont Medical Center	5.2%	3.4%	2.8%	2.7%	3.1%	4.1%	1.0%
System Total	2.7%	1.1%	2.4%	1.1%	1.3%	2.3%	-0.9%

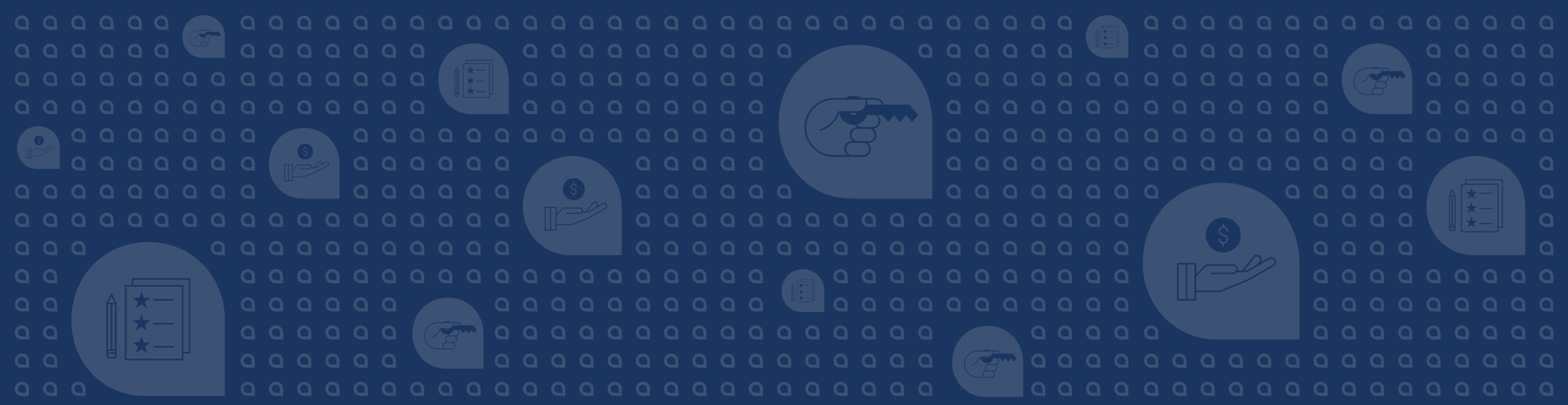
Health Reform and Value-based Care: The APM

- National consensus that Fee-For-Service is no longer viable model
- VT's work involves new incentives for quality, prevention, health
- Involves major financial risk for hospitals
- Shows great promise but takes time, patience, perseverance

American Hospital Assn. Recommendations

- Adopt new payment models, move to value
- Address social determinants in coordinated way
- Employ telemedicine more routinely
- Consider new payment designations like EMC to provide flexibility in rural communities





Rural Health Task Force Meeting November 5, 2019

Jeff Tieman, President & CEO, VAHHS
Hospital Closures and Vulnerability